

Message Text

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PAGE 01 LONDON 00825 01 OF 02 171845Z

41

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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R 171832Z JAN 75
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 7386

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 00825

EXDIS

E.O. 11652: XGDS-1

TAGS: PFOR, UK

SUBJECT: TOPICS CALLAGHAN WISHES TO RAISE WITH THE
SECRETARY JANUARY 30; AND RELATED ISSUES

1. DURING CALL JANUARY 16 TO DISCUSS HIS AFRICAN TRIP
(REPORTED SEPTTEL) FOREIGN SECRETARY CALLAGHAN OUTLINED
TOPICS HE HAD IN MIND FOR HIS MEETING WITH THE SECRETARY
ON JANUARY 30.
2. CALLAGHAN SAID THAT HE AND THE PRIME MINISTER LOOKED
FORWARD VERY MUCH TO THEIR VISIT TO WASHINGTON. IN HIS
MEETING WITH THE SECRETARY, CALLAGHAN WOULD LIKE TO DIS-
CUSS THE FOLLOWING SUBJECTS; (A) MIDDLE EAST. (B) CYPRUS.
(C) RE-CYCLING OF PETRODOLLARS. IN LIGHT OF RECENT IMF
DISCUSSIONS, CALLAGHAN DID NOT THINK THAT THERE WOULD BE
A GREAT DEAL TO SAY ON THIS SUBJECT. (D) EC-ARAB DIALOGUE
(E) CSCE. CALLAGHAN THOUGHT IT WOULD BE IMPORTANT TO
RUN OVER THIS NEGOTIATION WITH THE SECRETARY IN LIGHT OF
WILSON'S PROSPECTIVE VISIT TO MOSCOW. CALLAGHAN SAID
THE BRITISH DO NOT WANT TO BE "BEHIND THE PACK" ON THIS
SUBJECT, NOR DO THEY WANT TO BE IN FRONT. HE LOOKS FOR-
WARD TO THE SECRETARY'S VIEWS ON CSCE. (F) PLANS FOR
CONSUMER-PRODUCER CONFERENCE ON OIL.

3. I ASKED WHETHER THERE WERE ANY NEW UK IDEAS ON SUB-
JECT OF OIL PRICES, INCLUDING INDEXATION. HE SAID THAT
HE HAD NOT FORMED MORE THAN SOME TENTATIVE PERSONAL
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PAGE 02 LONDON 00825 01 OF 02 171845Z

VIEWS ON THIS QUESTION, AND WOULD WANT TO TALK TO CHAN-

CELLOR HEALEY IN LIGHT OF CURRENT IMF MEETINGS. SPEAKING PERSONALLY, HE FELT INDEXATION MIGHT BE A GOOD IDEA, PROVIDED IT WAS BASED ON A LOWER LEVEL OF PRICES THAN THE CURRENT ONE. IT WAS REASONABLE TO SEE WHAT ONE COULD DO ON THIS MATTER. HE INQUIRED WHETHER THERE WAS AN OFFICIAL US POSITION ON INDEXATION, AND I SAID I WAS UNAWARE OF ANYTHING OTHER THAN RECENT PRESS REPORTS THAT QUOTED SECRETARY'S WILLINGNESS TO CONSIDER THIS IF OIL PRICES WERE LOWERED. CALLAGHAN CONTINUED THAT THE

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PAGE 01 LONDON 00825 02 OF 02 171846Z

42

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INFO OCT-01 ISO-00 SSO-00 /026 W
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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 00825

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WESTERN CONSUMING COUNTRIES COULD GET ON BETTER TERMS WITH THE ARABS IF WE WERE ABLE TO MEET THEM IN SOME REASONABLE WAY ON INDEXATION.

4. CALLAGHAN THEN TURNED TO THE SOVIET GOVERNMENT'S DECISION NOT TO CARRY OUT THE 1972 TRADE AGREEMENT. HE SAID THAT HE HAD TOLD THE CABINET THAT MORNING THAT HE THOUGHT THE SOVIET ACTION WAS AN ISOLATED DECISION CENTERED ON TRADE AND WAS NOT IN ITSELF A BASIC THREAT TO DETENTE. HE THOUGHT THERE WAS A BODY OF OPINION IN THE KREMLIN WHICH WAS BASICALLY HOSTILE TO DETENTE AND WHICH HAD BEEN ABLE TO ASSERT ITSELF ON THIS ISSUE ON THE GROUNDS THAT THE SOVIET UNION WAS BEING PUSHED TOO HARD. ALTHOUGH HE DID NOT THINK THAT DETENTE IN GENERAL WAS THREATENED, HE SAID THAT THE SOVIET ACTION BRINGS ONE UP SHARPLY WHEN YOU CONTEMPLATE THE CONSEQUENCES OF A REVERSAL OF THE DETENTE POLICY. HE CONCLUDED BY OB-

SERVING THAT DETENTE IS FRAGILE.

5. CALLAGHAN MENTIONED THE BRITISH DECISION TO RELEASE THE TURKISH CYPRIOTS IN THE WESTERN SBA IN CYPRUS. HE AGREED THAT MAKARIOS' REACTION TO THE BRITISH DECISION HAD BEEN TEMPERATE, BUT OBSERVED THAT WITH MAKARIOS ONE COULD NOT BE SURE THAT HE WOULD NOT REACT STRONGLY AT A LATER DATE. CALLAGHAN SAID, "I WAS CAREFUL TO PUT THE DECISION ON A HUMANITARIAN, NOT A POLITICAL BASIS." HE THOUGHT THAT A RECIPROCAL GESTURE FROM THE TURKS WAS DOUBTFUL, COMMENTING THAT THEY REALLY DON'T
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PAGE 02 LONDON 00825 02 OF 02 171846Z

CARE ABOUT THE REFUGEES WHO ARE TO THEM JUST PAWNS ON THE CHESSBOARD. THE TURKS WOULD ONLY MAKE A GESTURE WHEN THEY THOUGHT IT WORTHWILE FOR THEIR OWN PURPOSES, E.G., TO IMPRESS THE US CONGRESS. CALLAGHAN SEEMED TO BE MODESTLY HOPEFUL THAT THE BRITISH DECISION COULD "SHAKE SOMETHING LOOSE."

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